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Abstract

The Norman Wells Project involved a ten-fold expansion of the Norman Wells oilfield and construction of a 324 mm (12 inch) pipeline extending 870 km up the Mackenzie Valley to northern Alberta. Completed in May 1985, Norman Wells expansion was the first of several large hydrocarbon production and transportation projects likely to be completed in the Mackenzie Valley by the end of the century. Because of several institutional innovations, implementation of Norman Wells has been heralded as a model for future northern development projects.

Project construction was delayed 17 months from the time of approval in part "..to allow for effective and meaningful planning so that special measures... are in effect during the construction phase..."(DIAND 1981:4). A major component of the "special measures" was the unique Norman Wells impact funding program set up to help manage negative effects and enable native involvement in the project. This paper assesses the planning and administration of two socio-economic components of the impact funding program using seven criteria drawn from the literature on socio-economic monitoring and management.

The subject initiatives failed to satisfy all but one criterion. Indeed, the administrative framework for program implementation proved to be an serious impediment to effective socioeconomic impact management. This failure was rooted both in the politics of the impact funding package itself and in the historical modus operandi of the federal government, particularly DIAND, in the North.

IMPLEMENTATION OF THE NORMAN WELLS PROJECT IMPACT FUNDING PROGRAM: AN EVALUATION

Introduction and Purpose

The Norman Wells Project involved a ten-fold expansion of the Norman Wells oilfield and development of a 324 mm (12 inch) pipeline extending 870 km south to the Zama terminal in Northern Alberta. The project was approved by the federal cabinet on 31 July 1981, subject to a formal delay to allow for "effective and meaningful planning" for the implementation of various special management measures (DIAND 1981a). Construction began in January 1983 and the pipeline shipped its first oil in May 1985.

At the time of project approval, the Minister of the Department of Indian Affairs and Northern Development (DIAND) also announced a special benefits package intended to foster native participation and to manage the socio-economic effects of the project. This so-called impact funding component became a major element in DIAND's project management strategy.

The purpose of this paper is to assess the effectiveness of planning and administrative arrangements for two key impact funding initiatives that dealt with "Community and Social Development", and "Project Planning and Monitoring". For reasons that will become apparent, the analysis is concerned solely with institutional mechanisms. We make no attempt to evaluate the merit or outcomes of the subject initiatives.

Context of the Study

> ...in the absence of detailed local planning and access to financial and technical assistance from external sources...large projects will frequently create substantial problems for their host communities. ...Thus the need is readily apparent to examine those measures which can be employed to alter the effects of project development on nearby communities, reducing those effects which are generally viewed as undesirable and enhancing those changes which are deemed beneficial" (Halstead, et al. 1984:xi).

Northern Canada, and particularly the Mackenzie Delta and Valley, has been the site of significant industrial activity in the last 20 years. In response to public concern over both the environmental and socioeconomic impacts of industrialization, governments have increased the resources available for impact assessment and review. In the mid-seventies, the Berger Inquiry was responsible for assessing the potential environmental and socioeconomic impacts of the proposed Mackenzie Valley Pipeline Project (Berger 1977). Subsequently, the Federal Environmental Assessment and Review Process (EARP) has been used to predict the likely effects of several other northern proposals, including the Norman Wells project (see: FEARO 1979, 1981; Rees 1980, 1983a,b). The federal government uses such reviews to help set terms and conditions governing project implementation.

The Norman Wells Project was a survivor of the financial impacts of Canada's National Energy Program of 1980 as well as subsequent softening world oil markets. Although not large by industry standards, Norman Wells was an enormous undertaking for the North, and the first of several major hydrocarbon production and transportation projects likely to be completed in the Mackenzie Valley by the end of the century.

Cabinet approved the project in July 1981 despite the recommendation of the Mackenzie Valley Pipeline Inquiry (Berger 1977) that no pipeline be built in

the Valley for 10 years. Cabinet's controversial decision followed an additional three layers of public review: EARP, the National Energy Board (NEB) hearings, and the Northwest Territories Water Board hearings. These reviews heard many of the same concerns from natives, the Government of the Northwest Territories (GNWT), and other intervenors that had originally been voiced to Berger (see for example NWEAP 1980).

Nevertheless, both the Environmental Assessment Panel (FEARO 1981) and the National Energy Board (NEB 1981) "approved" the Norman Wells project, subject to numerous conditions addressing the biophysical and socioeconomic issues identified during their reviews. In addition, Cabinet approval was subject to a two- year delay from date of application to the start-up of oilfield expansion, and a two and a half year delay before pipeline construction. In announcing the approval, the Minister of Indian Affairs and Northern Development gave quite specific reasons for these delays:

> ". . . to allow for effective and meaningful planning so that special measures and benefits packages are in effect during the construction phase of the $1 billion project;"
>
> ". . . to work toward meeting the concerns of the Dene and Metis regarding adequate time for negotiating their land claim;"
>
> ". . . to ensure that the training objectives, job and business opportunities which we have insisted be part of the project are real and meaningful" (DIAND 1981a:4).

The Minister also announced a $21.4 million special impact funding package to be administered by DIAND:1

> ". . . the enhanced program package will include on-the-job and institutional training, strengthened services at the community level to cope with possible disruptions and changes, funding for the Government of the Northwest Territories to finance additional public services that will be required, and contributions to the Dene and Metis to permit them to be involved in planning and programming activities in conjunction with all levels of government" (DIAND 1981a:4).

In Mr. Munro's words, "without front-end support and time for planning, opportunities for native people do not always equate to meaningful involvement, jobs and beneficial experiences" (DIAND 1981a:3). If successful, the implied approach would mark a significant break from the historic pattern of nimbly side-stepping native and other northerner's concerns in the planning for northern megaprojects.

DIAND also established a special Norman Wells Project Coordination Office (NWPCO) to provide inter-agency liaison and regulatory coordination for the Norman Wells project. As part of its mandate, NWPCO was given significant admininstrative responsibility for the impact funding package.2

Considerable attention has focused on these unique management arrangements for the Norman Wells Project. They have been touted by DIAND and industry as a prototype, and by the native organizations as a test case, for future northern development. Differing views on the Norman Wells management framework have been aired in at least two arenas - the EARP review of hydrocarbon production from the Beaufort Sea (BSEAP 1983) and a Banff School of Management Seminar on "Project Assessment, Project Audit" in October 1984. Because the project was being constructed with great unity of purpose and a minimum of dispute among governments, their agencies, and industry, DIAND was able to claim at the latter meeting:

> "The hard work of government departments and agencies has resulted in the successful coordination of the project based on cooperation..." (DIAND 1984:34)

However, native organizations argued that DIAND had glossed over problems and difficulties with the project and suggested:

> "...A thorough assessment of the Norman Wells Project must look at both the problems and the processes before recommendations can be made on future projects" (Dene Nation 1984a:16).

A major source of frustration for the Dene Nation and the Metis Association was the impact funding package. The native organizations had apparently expected to be given no-strings control over the $21 million, but found soon themselves enmeshed in a government-administered program. Of particular concern were two funding initiatives ostensibly intended to foster community development and native involvement in impact monitoring and management:

Initiative 1

> "Enhanced existing government programs to address the **community and social development** needs of communities along the pipeline route so that they can respond to the project as the needs are identified. Native people will be directly involved in the design of these programs and in aspects of program delivery as they relate specifically to native communities. Projected government funding over five years: $4.25 million.

Initiative 2

> Planning support to northern natives to enable them to take an active role in the **planning and monitoring** of the project and in the design and implementation of programs initiated in response to the project. Projected funding over five years: $1.25 million" (DIAND 1981a, emphasis added).

It is worth noting that the usual emphasis in socio-economic monitoring is on mitigation of impacts, and compensation for damages. Recent practice, however, extends the range of management options to include measures to enhance the capacity of local systems to cope with change (See Leistritz et al. 1982:19, Rees 1983a). Significantly, both the subject initiatives fall into this latter innovative category.

Because of the high profile of the Norman Wells Project, its status as a prototype for future northern projects, and the controversy surrounding implementation of mitigative measures, it is important to document the strengths and weaknesses of DIAND's unique approach to project coordination and management. This study therefore evaluates the planning and administrative framework used to implement the socio-economic initiatives described above.

Methods: Criteria for Effective Socio-Economic Monotoring/Management

The analysis was based on a set of simple procedural criteria for the design and implementation of socio-economic impact assessment programs developed from the literature (esp. Holling et al. 1978; Leistritz et al. 1982; Halstead et al. 1984). Collectively, the criteria represent a model planning process. It assumes that the major purpose of any serious impact management program is to reduce the anticipated negative impacts and enhance the potential benefits associated with a development project. It also reflects the premise that design of an effective assessment and monitoring program requires systematic planning involving those interests and agencies likely to have a significant role in its implementation (See Kerr 1985 for details).

According to this model any socio-economic impact management program should:

1. reflect the socio-economic concerns expressed by participants in the project review process;

2. be operational prior to the beginning of project construction in order to deal with impacts as they occur;

3. be planned in sufficient detail that:
   a) measurable targets or objectives are defined against which progress or success of the program can be assessed;
   b) scheduled reviews of program results relative to objectives are conducted at reasonable intervals throughout the implementation period;
   c) explicit procedures are defined for updating management objectives and activities in response to program reviews or unexpected impacts of the project.

4. unambiguously identify all the major parties-at-interest and specify their responsibilities in relation to program implementation;

5. ensure that the agencies responsible for implementation play an effective role in the program planning process;

6. be based on institutional and procedural arrangements that facilitate rapid and purposive action toward the achievement of program goals;

7. be perceived by a key parties-at-interest to be an effective process (measured in their own terms);

8. be provided with sufficient funding and expertise to ensure a reasonable chance of achieving program objectives.

We compared and contrasted the planning procedures and administrative mechanisms used for the Norman Wells socio-economic impact funding initiatives against these criteria. Data used in this assessment were derived from a content analysis of key documents produced by the several project reviews; government and other participants' documentation of implementation of the Norman Wells impact funding program for the period between 30 July 1981 and 30 June 1985; and from personal interviews with key personel in government and native organizations.

Results: Application of the Model Criteria

Criterion 1: A socio-economic impact management strategy should reflect the socio-economic concerns expressed by participants in the review processes.

The transcripts and final reports of the EARP and NEB review processes reveal that the native people in the Norman Wells project area were primarily concerned that their aboriginal claims be settled prior to development, and about the distribution of jobs, income, and related economic benefits that might flow from the project. For example, of 102 interventions by Mackenzie Valley residents at the EARP community meetings, 36 addressed the native claims, and 27 the economic benefits issue. Some intervenors indicated that economic benefits for native people should be a condition for support for the project, while others expressed doubt that northerners would benefit economically should the project go forward. Only 12 presentations in this forum expressed anxiety over potential socio-economic impacts or the need for special social and community development activities.

Although they avoid the aboriginal claims issue, the reports of both the EAR Panel and the NEB address these other concerns by stressing the need for both industry and government to consult with, and seek the advice of, Mackenzie Valley residents in planning and implementing the project. The NEB report also recommends that the proponents and governments establish a socio-economic monitoring program. However, the emphasis in both documents is on "consultation" and "liaison" with Valley communities, rather than more direct native participation in program design and delivery. In this respect the wording of these recommendations is actually weaker than that of the subject funding initiatives which call for a "direct" and "active" role for the affected communities in the planning and implementation of impact management programs.

Apart from the vital land claims issue then, the impact funding initiatives do generally reflect native concerns raised during public review of the project and therefore loosely satisfy Criterion 1.

There is reason to believe, however, that other factors influenced the focus of the community development and the planning/monitoring funding initiatives. From a June 1981 DIAND "Discussion Paper":

> The Dene and Metis have met with the Minister to discuss these conditions and the project. It would appear that there is potential for Dene and Metis cooperation in project planning providing the Federal Government supports northern native people in their efforts to realize economic opportunities from the project, mitigate potential adverse social impacts, play a meaningful role in the management of the project and provide for longer term economic opportunities once the construction of the project is complete. The Dene and Metis do not have the resources to pursue such measures prior to settlement of their land claims (DIAND 1981b:13).

According to one DIAND official these "political meetings, bargaining sessions" between the native organizations and the Minister of DIAND were even more important in shaping the funding package than was the review process (Meldrum 1985).

Criterion 2: A socio-economic impact management program should be operational prior to the beginning of project construction in order to deal with impacts as they occur.

As noted, the formal delay in construction start-up of the Norman Wells project was intended "...to allow for effective and meaningful planning so that special measures and benefits packages [would be] in effect during the construction phase..." (DIAND 1981a:4). Unfortunately, several factors combined to prevent effective use being made of this seemingly generous preparatory planning period.

The major problem was the complex application and approval process required of eligible participants to access funding under the various impact management initiatives (Details are presented under Criterion 6 below.) The net effect was significant delays in funding, particularly respecting the community development and planning-monitoring initiatives under consideration here. For example, 1981-82 funding was received by Dene and Metis organizations only a few days before the end of the fiscal year (31 March 1982) and therefore enabled only a few months of preliminary pre-construction survey work. Similarly, the 1982-83 funding did not arrive until March 1983, three months after construction had started (ICEL 1984:42-45). A draft press release dated 22 May 1984 summarizes the Dene Nation's perception of the problem:

". . . This was political money from the start, and we can only interpret the needless bureaucratic hassles as disguised political delay tactics. They are successfully hampering our efforts to be informed and involved in this pipeline, which we only accepted as a test case" (Dene Nation 1984b).

While the evidence suggests that the severe delays were more likely due to cumbersome procedures and bureaucratic inexperience than political maneuvering, it is clear that the two initiatives were not effectively operational prior to project construction start-up. They therefore fail to satisfy Criterion 2.

Criterion 3: A socio-economic impact management program should be planned in sufficient detail that:

a) measurable targets or objectives are defined against which the progress or success of the program can be assessed;
b) scheduled reviews of program results relative to the specified objectives are conducted at reasonable intervals throughout the implementation period;
b) explicit procedures are defined for updating management objectives and activities in response to program reviews or unexpected impacts of the project.

As noted, the initial shape of Norman Wells Project impact funding program was more the product of last-minute political bargaining than of deliberate planning. Consequently DIAND was unable to detail how the funds were to be used, and one can only infer very general objectives for individual program areas from the Press Release (DIAND 1981a) announcing the funding package.

Nevertheless, DIAND might have implemented a planning process and articulated more specific objectives from the government's perspective at a later date. This was not done. Instead, the department adopted a coordination approach, and while explicit management objectives for the NWPCO were published six months after the beginning of construction, these referred to overall administrative mandate and not to the funding initiatives.

Similarly, native organizations might have set out specific objectives and plans in their funding applications.[3] However, while applicants were required to state the general purposes for which the monies were requested, DIAND did not insist on detailed plans, and none were forthcoming.[4]

In this planning vacuum, it is perhaps not surprising that neither DIAND nor the native groups budgeted for impact program review and evaluation. While Treasury Board does have an annual review and reporting process, this is more concerned with financial accountability than program results and is of no use for planning or management review.

In sum, despite the minister's rhetoric about the need for "effective and meaningful planning", the subject Norman Wells impact funding initiatives were neither conceived nor nurtured in any systematic planning process. Objectives at both the political and program levels remained vague, alternatives for implementation were not explored, and no procedures were established for substantive review and program adjustment. "About the best one can do... is to indicate whether use of [impact funding] was related to some aspect of the implementation of the Norman Wells Project or not" (ICEL 1985:47). The program therefore does not satisfy Criterion III.

> Criterion 4: A socio-economic impact management program should unambiguously identify all the major parties-at-interest and specify their responsibilities in relation to program implementation.

The Norman Wells Project approval press release clearly identified DIAND and the Treasury Board as major parties-at-interest in relation to both the community development and the planning/monitoring impact initiatives. DIAND

was made responsible for administering and monitoring the entire funding package, and Treasury Board was to give final approval for any project funded under it. The document also suggests that the native organizations would be parties-at-interest in the planning/monitoring initiative. However, it was three months before agreement was reached with the Minister of DIAND that the native groups were also to be parties-at-interest in the community and social development program.

No special responsibilities for any party were identified in early documentation. For example, there is no suggestion that DIAND and T.B. might have to set up unique administrative arrangements to facilitate timely implementation of the program, and even existing procedures under the Finance Administration Act were inadequately explained. In the event, administrative effectiveness was hampered by the inexperience of DIAND's Project Co-ordination Office with the Treasury Board approvals process, and T.B.'s unfamiliarity with the concept of impact funding (ICEL 1984:44). As one DIAND staff member commented: "there was no rigid concept of what to do...[in the year following project approval]" (Meldrum 1985). The de facto roles of all parties only gradually took shape through actual implementation of the funding program.

Since the roles and responsibilities of major parties-at-interest had not been adequately worked out prior to program implementation, the Norman Wells impact funding initiatives do not satisfy Criterion 4.

Criterion 5: A socio-economic impact management program should ensure that the agencies to be responsible for implementation play an effective role in the program planning process.

The premise here is that program effectiveness will be enhanced if participants become familiar with program objectives, design, and institutional relationships, through full involvement in program planning.

We have already established that there was no systematic planning associated with implementation of the Norman Wells impact funding package. The unrecorded informal bargaining sessions between the Minister of DIAND and the native association leaders that led to the program, dealt only with broad areas of concern, and not the details of implementation. Similarly, subsequent meeting held to clarify project designation and the application process, were inadequate even to familiarize the Dene and Metis fully with such basic administrative arrangements (see Criterion 6 below).

In short, both key players - DIAND and the native leaders - were fully involved in the preliminaries leading to the impact funding programs. However, these ad hoc political deliberations agreed only on a package, not on what should go in it or how it would work. There was simply no concrete program for participants to absorb. Since participation in program "planning" was so ineffective in facilitating implementation, the Norman Wells socio-economic impact initiatives fail to satisfy the spirit of Criterion 5.

Criterion 6: A socio-economic impact management program should be based on institutional and procedural arrangements that facilitate rapid and purposive action toward achievement of program goals.

The effectiveness of impact management depends on its timely initiation and a continuing ability to affect direct action in response to changing conditions. In particular, administrative procedures should permit legitimate participants to access program resources rapidly as required in the course of overall project implementation.

Unfortunately, in the absence of deliberate planning, the need for administrative and funding mechanisms matched to the requirements of impact monitoring and management had been overlooked. Instead, the Norman Wells Project impact funding programs were administered under the Finance Administration Act using a granting process similar to that used in federal job creation programs, and requiring final authorization from Treasury Board.

In brief, the native associations were required to submit specific proposals for funding to DIAND. The department's Impact funding Co-ordinator in Ottawa then negotiated and reworked the proposals to meet Treasury Board requirements, initiated an intra-departmental review, and prepared the actual T.B. submission. After T.B. authorization, approved funds were transferred to DIAND. Successful program descriptions then served as the basis for contribution agreements between the native organizations and the department, which had to be finalized and signed before first payment was made to the former. In all, 13 steps and 25 actors were required to process and approve funding requests. (Ironically, some native leaders had simply assumed they would receive the full $21.4 million directly, no strings attached.) Subsequent progress reports and financial accounts were submitted by the native associations to DIAND for review. (For details see ICEL 1984, 1985.)

As noted under Criterion 2, this complicated application and approval process seriously retarded implementation of the impact management program. The sheer procedural complexity of this approach would have consumed three months even under "normal" circumstances (ICEL 1984:36), and various factors unique to Norman Wells funding contributed to even lengthier delays. For example, the Native organizations were slow to apply because for them the application and authorization process was "a big black box" (ICEL 1984:39). Indeed, since the concept of impact funding was also new to DIAND and Treasury Board, everyone involved in project approval required time for familiarization.

The vagueness of initial program descriptions and lack of clear objectives naturally contributed to the confusion and frustration. Such ambiguity left much room for individual interpretation at all levels, resulting in serious intra- and inter-organizational disputes (e.g., between band councils in the impact region and the Dene National Office in Yellowknife, as well as between the Dene and DIAND). Negotiations to resolve such differences generated further delay.

The net effect was that in the first two years the system took three to nine months to process completed applications (i.e., not including preparation time), and 12 of the 19 projects ultimately approved required seven to eight months (ICEL 1985:51).

> This situation has led to delays in start-up and very uneven delivery of the Community and Social Development and Planning Support and Nonitoring Programs. It has therefore been virtually impossible to plan ahead for these programs and to undertake them in an orderly fashion. Clearly, their effectiveness has been hampered tremendously... (ICEL 1985:54)

In some instances the late arrival of impact management funding may even have detracted from activities unrelated to the Norman Wells project as available

funds were diverted from existing programs in an effort to get impact management activities underway as quickly as possible (Gorman 1986).

In conclusion, the Finance Administration Act proved quite inappropriate as the institutional basis for financing and administering the Norman Wells impact funding program. This cumbersome system, far from facilitating rapid action, was an impediment to program implemention. Clearly, Norman Wells impact funding does not satisfy Criterion 6.

> Criterion 7: A socio-economic impact management strategy should be perceived by key parties-at-interest to be an effective process (measured in their own terms).

To address this criterion, we interviewed the following key personnel representing the major parties-at-interest in the community development and impact monitoring initiatives: Ms Margie Gorman, Dene Nation Program Manager; Mr Michael Malcolm, Executive Director of the Metis Association of the NWT; Mr John Mar, Federal Co-ordinator and Chairman, Norman Wells Project Coordination Committee; Mrs Sheila Meldrum, Norman Wells Project Coordination Officer (N.W Project Coordination and Support Group, DIAND, Ottawa). We asked each interviewee to comment on the effectiveness of the two study initiatives from the perspective of his/her organization.

> Ms Gorman of the Dene Nation stressed that "the impact funding has turned out to be one of the major impacts itself". She felt that "the lengthy procedures required to access the funds as well as conflicting interpretations of the program, [had] jeopardized the Dene Nation as an organization. This was because other program

resources were being diverted just to maintain some minimum level of momentum. Also, based on previous experiences, there was no certainty that such funds would be recovered." In any event, the delays made it difficult to plan and to properly deliver programs because so much time and energy was spent merely chasing the funds. She also stated that the funding "raised expectations in the communities and had ultimately created dependencies on the funds". In Ms Gorman's view: "The existing process is not an effective means of responding to impacts" (Gorman 1985).

Mr Malcolm of the Metis Association expressed the view that: "From the beginning, the funding was a payoff that has just never been allowed to pay off" (i.e., the impact funding package had been a political ploy to eliminate resistance to the project from native organizations). He noted also three major problems with the existing impact funding program:

a) The funds were always received well after they were expected (two to 12 months after the start of the relevant fiscal year);

b) there were no specific objectives or funding criteria, "the funding programs were very general, wide open", and;

c) the funds could not be used as equity and were therefore not useful to the Metis in their ambitions for economic participation in the opportunities presented by the Norman Wells Project.

Mr Malcolm further argued that the funds should have been given to the native association in a lump sum and been available for equity investments. In short, he did not believe that the existing impact funding arrangements were effective for impact management (Malcolm 1985).

Mr Mar, the federal Project Co-ordinator, stressed the theoretical benefits of the program. He noted that the socio-economic initiatives "allowed the people themselves to become involved", and had this not been the case, government would have been accused of deciding for citizens. Mr Mar felt that the provision of funding to the Metis and the Dene allowed these organizations "to reinforce cultural programs and aspirations, to counterbalance the impact of the wage economy, and to address within the communities areas needing shoring up". Mr Mar did acknowledge differences between the native organizations and DIAND in their interpretation of how the funding should be spent, as well as the administrative delays. However, on balance, he considered the existing impact funding package to be a "most effective tool". Mr Mar saw such a strategy being used again, although with the settlement of land claims "quite another regime" would be involved. In these circumstances, the native organizations would have the "necessary infrastructure to participate in management" (Mar 1985a,b).

Mrs Meldrum of the Project Co-ordination Office in Ottawa was less positive, but believed that the existing funding package was of some value. There were benefits associated with the native organizations being put "on their own" and figuring out "how to cope" because the communities would gain self-confidence from knowing "they did it". However, she fully acknowledged that cumbersome administrative procedures and certain "poor government performance areas" in the impact funding program imposed a major burden on program delivery. She was also concerned that delivering the funds through the native political organizations was not the most effective way to produce results at the community level.[5] Accordingly, she suggested that

in future "impact funding is going to have to be done in a way that [it does not become] such a political football". There would be a different context that might necessitate different socio-economic impact management strategies (Meldrum 1985).

To conclude, representatives of at least three of the four parties involved in implementing the Norman Wells community development and impact management initiatives, perceived major short-comings in the structure and implementation of the funding program that seriously impaired its effectiveness. On balance, therefore, the initiatives do not satisfy Criterion 7.

Criterion 8: A socio-economic impact management program should be provided with sufficient funding and expertise to ensure a reasonable chance of achieving program objectives.

Although substantial resources were made available to the funding program, the absence of clear objectives and subsequent evaluation render it impossible to comment rationally on adequacy and therefore to apply this criterion.

Conclusion and Discussion

The Norman Wells Expansion Project may well be a model of successful intergovernment and industry coordination in terms of getting the project built within budget and on schedule. On the surface, the project also makes a clear break with history in its relatively enlightened approach to addressing the concerns of native people.

To examine this latter aspect, we compared the implementation of the Norman Wells project socioeconomic impact funding initiatives against a set of planning criteria for similar impact measures drawn from the literature. The

analysis shows that the funding package failed to meet six of the seven model criteria used. Clearly, the institutional framework used for Norman Wells impact funding was quite inadequate for effective program implementation.

In this light, Norman Wells implementation was at least a partial failure in coping with the human side of development. Most important, Norman Wells impact funding is of limited value as a pilot program, however meritorious the basic concept. This is most unfortunate, considering the genuine innovation and initial promise of the program.

The Inadequacy of Planning

The proximal reasons for failure are evident enough. First, the funding initiatives were not, in fact, "planned" in any systematic sense. At the program level, DIAND does not seem to have gone beyond entraining the initiatives in a pre-existing and extraordinarily cumbersome application and approval process. No consideration was given to designing administrative and funding mechanisms matched to the special characteristics and requirements of this type of program and no resources were made available to monitor and evaluate the outcome of those activities that were put in place. These would be the minimal conditions necessary for an impact funding package to serve as a valid pilot study.

Nor is there evidence that the funding program was effectively integrated into overall planning and implementation for the Norman Wells project. As peripheral "add-on" activities, the initiatives were totally at the mercy of overall project scheduling, and were therefore bowled over by funding delays as construction proceeded. By contrast, apart from the initial (and ineffect-

ual) construction delay, the project proper seemed in no way dependent on the status or results of impact funding activities. With this management framework, it is difficult to see how government intended either the Norman Wells project or future impact management programs to benefit fully from the program.

Roots of the Problem: Politics and History

Given the historic importance of the Norman Wells Project and its role as prototype for future northern mega-projects, why did DIAND adopt such an apparently cavalier approach to the implementation of so a novel a management concept?

One possible explanation is that the impact funding package was, in fact, more intended to serve political ends than management needs. Certainly much of the native leadership believed this (having described the Norman Wells impact funding as a "payoff"), and there is considerable documentary evidence for this position.

The NWPCO was responsible for administration of the Norman Wells impact funding, but there is little doubt that it perceived the timely completion of the project as its principal raison d'etre. Two of the four "ultimate objectives" of Norman Wells project management as set out in DIAND's overall project evaluation framework are as follows:

a) to ensure that planning, construction and start up of the Norman Wells Project are not unduly held up or disrupted by the government review, approval and surveillance process, and;

b) to ensure continuing support by northern native groups for the Norman Wells Project (ICEL 1894:88).

Moreover, based on the de facto activities of NWPCO in the first year of construction, one of the initial "operational objectives" was changed from:

> [providing] support for and [facilitating] native social and economic development needs related to resource development (Component Logic Diagram, ICEL 1984:53);

to:

> [resolving] northern concerns that might impede progress on the Norman Wells Project;

the corresponding "ultimate objective" being:

> to ensure that planning [etc.] of the Norman Wells Project are not unduly held up or disrupted (Revised Component Logic Diagram, ICEL 1984:54).

DIAND's consultants rationalized this shift in NWPCO's orientation on grounds that it was "a logical outgrowth of the Minister's mandate to ensure expeditious development of the project" (ICEL 1984:57-58). Within reason, of course, expediting Norman Wells was a legitimate pursuit for DIAND, and it would be surprising if political motivations did not season the department's approach to project management. But the point stands that with its overriding concern over possible delays, DIAND may well have seized on impact funding mainly as an opportune way effectively to eliminate native resistance to the project.

This leads to the second and more general explanation for the muddle over impact funding. Whatever the specific motivation, DIAND's actions conform to the chronically ad hoc approach to northern development that has been the department's trademark since its inception in the early 1960s. Despite a wide-ranging mandate encompassing social programs, economic development, and environmental protection, DIAND has never managed to develop a comprehensive

policy framework for northern development, nor even an integrated approach to the implementation of individual megaprojects. With its close ties to industry, the Northern Affairs Program has naturally concentrated on narrow regulatory and fiscal approaches to the facilitation of resource exploitation and economic growth. By comparison, until recently, related social and environmental policy development simply languished from neglect (Dosman 1975; Abele and Dosman 1981; Rees 1982; Stabler and Olfert 1980).

It was partly in response to this situation that in 1977, Justice Berger proposed his ten-year moratorium on pipeline construction in the Mackenzie Valley. This should have allowed time for settlement of aboriginal claims, for valley residents to prepare for future industrial development, and for government to develop an adequate policy and program environment. Predictably, not much progress had been made in any of these directions by 1980 when Esso Resources and Interprovincial Pipe Line applied to construct the Norman Wells Project.

This meant that DIAND was little better prepared in social policy terms for Norman Wells than it had been for the original Mackenzie Valley Pipeline Proposal in the early 1970s. Nevertheless, historical momentum, the now defunct National Energy Program of 1980, and fading memories of Berger, predisposed the department and cabinet toward the Norman Wells Project. When both the EARP and NEB gave qualified support to the proposal in 1981, some form of government approval was a virtual certainty.

The continuing resistance of native organizations, who opposed any development until settlement of aboriginal claims, remained the most significant obstacle, and by this time native leaders had acquired something approaching

sophistication in their dealings with DIAND and their use of the media. Caught between the demands of native organizations and the expectations of its traditional industrial clients, DIAND was uncertain how to cope. The socially-oriented strategy that eventually emerged did seem to put a softer face on development as reflected in impact funding, but nothing in DIAND's previous history had endowed it with the mind-set to ensure that full and effective use would be made of this unique opportunity.[6]

The Real Lesson of Norman Wells

The Canadian North is one of the few, large, relatively untrammeled areas left in the industrialized western world. Canada therefore has a rare opportunity - some would say obligation - to ensure that development of this vast area proceeds with reverence for the natural environment and respect for the dignity of the region's long-time human inhabitants. In this light, each northern project is a potential experiment in institutional design and management practice in response to a unique environment. Government and industry, now view the Norman Wells approach as such an experiment. However, as we have shown, the experimental design provided no rigorous means by which we can ever know the full results.

What Norman Wells does confirm, once again, is that merely making money available does not result in an effective management response. Serious deliberation on specific program objectives and requirements is essential. There is no reason why even so politically motivated a program as Norman Wells impact funding could not also have been designed to achieve other socially desirable objectives. If DIAND lacked sufficient in-house resources, the department should have sought outside expertise to create a

program equal to its stated purposes. Taxpayers have every right to expect such a costly program to embody more than rhetorical facade.

As for the future, other approaches to impact assessment and management based on the Canadian experience are emerging (e.g., Rees 1983b; Boothroyd and Rees 1984; Corbett 1986; Dorcey and Thompson 1983, Dorcey 1984). Consistent with DIAND's new social conscience, they give an expanded, more nearly equal, and more creative role to all major actors in the development process. They also demand a more self-conscious and purposeful approach to development than has historically been the case in Canada. Such models should be be refined and tested in the field before development pressure once imposes expediency over deliberation in our approach to northern development.

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Notes

1. Apparently the concept of impact funding for the Norman Wells project originated in the now defunct Ministry of State for Social Development, but was never fully or expertly developed.

2. Despite its comprehensive mandate, the NWPCO was granted no legislative or other direct authority. Its success or failure depended solely on moral suasion and the voluntary cooperation of relevant parties.

3. Apparently DIAND had assumed the native organizations would have fairly specific objectives for their proposed activities under the special initiatives, and were surprised when none were forthcoming. Naturally it would have been politically unwise for the department to attempt to set objectives for Dene/Metis programs.

4. In these circumstances the Dene Nation was able to use its initial Community Development funding on what some perceived as "...general community development; managing impacts of the Norman Wells Project was an incidental item" (ICEL 1985:31). By contrast, the Dene say they were implementing a plan of action "born prior to the hearing stage of the Norman Wells pipeline project." It was necessarily general since "it was designed for 26 communities with different concerns and priorities." The idea was to provide these communities with the resources to identify their needs, concerns, and perceived impacts. Following this needs assessment, "programs would be more specifically designed to respond to the needs" (Gorman 1986, pers.comm.).

5. The Dene have noted that channeling funds directly to communities would:
   a. require increased government staff;
   b. impose the same procedural restrictions on the communities that had been placed on the Dene Nation, thereby increasing the level of confusion;
   c. threaten Dene unity and coordination, and weaken their impact on project implementation (Gorman 1986).

6. The Norman Wells social programs may be an example of "emergent strategy" in the sense of Mintzberg and Jorgensen (1978). They suggest that the most obvious source of such seemingly tentative policy initiatives are those circumstances in which officials face new and uncertain conditions, and know too little to be able to produce a more deliberate or "intended" strategy.

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